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Executive Director

COMMUNITY DEVELOPMENT COMMISSION
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April 20, 2004

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**ACCEPT FUNDS FROM THE DEPARTMENT OF PARKS AND RECREATION TO
RESOLVE LABOR COMPLIANCE ISSUES, INCLUDING WAGE
RESTITUTIONS TO WORKERS (1, 2, 4) (3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the actions described herein to resolve labor compliance issues for the Amigo Park General Improvement Project located at 8700 South Juarez Avenue in unincorporated Whittier, the Lennox Park General Improvement Project located at 10828 South Condon Avenue in unincorporated Lennox and Roosevelt Park General Improvement Project located at 7600 Graham Avenue in unincorporated Graham are exempt under the California Environmental Quality Act (CEQA), because the proposed activities will not have the potential for causing a significant effect on the environment.
2. Authorize the Executive Director of the Community Development Commission, on behalf of the County Department of Parks and Recreation (DPR), to pursue all necessary actions to resolve outstanding labor compliance issues related to the Amigo Park, Lennox Park, and Roosevelt Park General Improvement Projects.

3. Authorize the Executive Director to accept from DPR \$67,000, to make wage restitution payments to identified workers, or to the Department of Labor as necessary, and to reimburse the Commission for its costs in resolving labor compliance issues related to the above projects; and authorize the Executive Director to incorporate the funds into the Commission's approved Fiscal Year 2003-2004 budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The recommended action will allow the Commission to resolve labor compliance issues, including potential wage restitution to workers, related to the Amigo Park, Lennox Park, and Roosevelt Park General Improvement Projects.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. DPR will deposit with the Commission \$67,000 from its approved Fiscal Year 2003-2004 budget, of which the Commission will use approximately \$36,383 to make wage restitutions to identified workers, or the Department of Labor, as necessary. The Commission will also use approximately \$30,000 for personnel costs related to resolving the labor compliance issues.

Upon completion of the work, the Commission will provide an accounting of the funds and return any remaining balance to DPR, at which time DPR may seek reimbursement of any wage restitution payments on the Lennox Park Project from the contractor's retention and on the Amigo Park Project from the contractor's retention and/or from the subcontractor's deposits, as applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On April 6, 2004, the Board of Supervisors authorized DPR to deposit with the Commission \$67,000 for the purposes of resolving labor compliance issues related to the Amigo Park, Lennox Park, and Roosevelt Park General Improvement Projects. The three projects were partially funded with Community Development Block Grant (CDBG) funds allocated by the U.S. Department of Housing and Urban Development (HUD). Failure to resolve the labor compliance issues may result in penalties from HUD, which could restrict future CDBG awards to the County.

The Commission, in administering the CDBG program, is charged with enforcing labor standards and ensuring that construction workers receive federal prevailing wage rates on HUD-assisted construction projects. In accordance with the special conditions of DPR's Interagency Agreements with the Commission, DPR is required to comply with

the Federal Labor Standard Provision and the applicable Federal Wage Decision in the construction of the projects.

In March 2001, HUD conducted a preliminary review of the project records for the Amigo Park General Improvement Project, which revealed potential violations related to federal labor requirements.

In February 2003, in conjunction with HUD, the Commission conducted a more comprehensive review to determine whether DPR had established internal systems and processes to correct the deficiencies identified by HUD. This review included not only the Amigo Park General Improvement Project, but also the Lennox Park and Roosevelt Park General Improvement Projects. The review identified a total of approximately \$37,000 in potential wage underpayments, resulting from underpayment of prevailing wages, payroll deductions reflected in the certified payroll reports as "other" that were not properly documented, unconfirmed wage restitution payments, and unsupported delinquent apprentice documentation.

The Commission concurs with DPR's estimated wage underpayments of the below amounts for each project.

Amigo Park General Improvement Project: a total outstanding wage underpayment for of an amount that may be as high as \$23,786, or as low as \$6,567, pending further HUD and Commission analysis.

Lennox Park General Improvement Project: a total wage underpayment of approximately \$9,555. It should be noted that one of the subcontractors for this project has gone out of business, making it impossible to obtain the required records. As a result, 14 workers may need to be located and wage restitutions made directly to them, or deposited with the Department of Labor.

Roosevelt Park General Improvement Project: a total wage underpayment of approximately \$3,043.

ENVIRONMENTAL DOCUMENTATION:

These actions are exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15060 (c)(2) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.

Honorable Board of Commissioners
April 20, 2004
Page 4

IMPACT ON CURRENT SERVICES:

Acceptance of the funds from the DPR will allow the Commission to resolve labor compliance issues related to the Amigo Park, Lennox Park, and Roosevelt Park General Improvement Projects and avoid any penalties from HUD that could restrict future CDBG awards to the County.

Respectfully submitted,

CARLOS JACKSON
Executive Director